

Message Text

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ACTION STR-07

INFO OCT-01 ARA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 DOEE-00 /124 W
-----076204 102001Z /64

P 101905Z JUL 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 1846
INFO AMEMBASSY CARACAS
AMEMBASSY BOGOTA
AMEMBASSY QUITO
AMEMBASSY LA PAZ
AMEMBASSY LIMA

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 10443

USMTN

ACTION STR

STR PASS CODEL

EO 11652: N/A
TAGS: MTN, ETRD, CO, EC, BL, PE
SUBJECT: MTN: ANDEAN GROUP CONTRIBUTIONS

REF: GENEVA A-205

1. SUMMARY: ANDEAN GROUP HAS TABLED LONG DELAYED OFFER IN
MTN, CLAIMING CREDIT FOR RECENT TRADE LIBERALIZATION
MEASURES. END SUMMARY.

2. ON BEHALF OF ANDEAN GROUP, PERU'S GENEVA AMBASSADOR HAS
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SENT A LETTER TO THE DIRECTOR GENERAL OF THE GATT FORWARD-
ING A DOCUMENT DESCRIBING IMPORT POLICIES FOLLOWED BY
ANDEAN GROUP SINCE 1973, WHICH MAKES UP "...A NOTEWORTHY
AND ADEQUATE" ANDEAN CONTRIBUTION TO THE MTN. ANDEAN
GROUP NOTES THAT WHILE STABILITY OF TARIFF REDUCTIONS HAS
SECURITY OF HAVING RESULTED FROM INTRA-ANDEAN FIVE COUNTRY
NEGOTIATION, SUCH ACTIONS ARE NOT GATT BINDINGS. ANDEANS

REQUESTED GATT CIRCULATE THE DOCUMENT AS A CLASSIFIED
NEGOTIATING DOCUMENT DESCRIBING ANDEAN GROUP CONTRIBUTIONS.

3. DOCUMENT DIVIDES ANDEAN TRADE LIBERALIZATION AND
RATIONALIZATION MEASURES INTO THREE CATEGORIES: (A)
SUBSTANTIAL REDUCTION OF TARIFF PROTECTION BOTH IN INDIVI-
DUAL COUNTRIES AND FOR THE TRADING AREA AS A WHOLE; (B)
ELIMINATION OF SOME NTB'S; AND (C) HARMONIZATION AND
RATIONALIZATION OF INTERNAL POLICIES AFFECTING FOREIGN
TRADE. CONCERNING REDUCTION OF TARIFFS, DOCUMENT NOTES
THAT IN OCTOBER 1976 ANDEAN GROUP DECIDED IN DECISION 104
ON A SIGNIFICANT 30 PERCENT REDUCTION OF COMMON MINIMUM
EXTERNAL TARIFF FROM AN AVERAGE OF 40 PERCENT TO 28 PER-
CENT. ANDEAN COUNTRIES ARE PRESENTLY FREE TO MAINTAIN
TARIFFS WITH THIRD COUNTRIES ABOVE MINIMUM LEVELS. (DOCU-
MENT CONTAINS TABLES WHICH STATE THAT GENERAL TARIFF AVER-
AGE OF THE ANDEAN GROUP DECREASED FROM 52 PERCENT IN 1975
TO 49 PERCENT IN 1978, DUE TO TARIFF REDUCTIONS IN COLOMBIA
AND VENEZUELA.) ACCORDING TO THE TIMETABLE ADOPTED, THE
ANDEAN COUNTRIES WILL BEGIN THE PROCESS OF ADOPTING TO A
COMMON EXTERNAL TARIFF IN DECEMBER 1980 WHICH WILL BE
COMPLETED IN 1983 BY COLOMBIA, PERU AND VENEZUELA, AND IN
1985 BY BOLIVIA, AND ECUADOR. ANDEAN GROUP SECRETARIAT
HAS PRESENTED A DRAFT COMMON EXTERNAL TARIFF FOR STUDY BY
COUNTRIES WHICH WOULD RESULT IN A SIGNIFICANT REDUCTION IN
THE MAXIMUM LEVELS OF PROTECTION NOW MAINTAINED. CONCERN-
ING ELIMINATION OF NON-TARIFF MEASURES, THESE INCLUDED THE
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ELIMINATION OF CONSULAR INVOICES, CONSULAR FEES, AND CER-
TAIN PRIOR IMPORT LICENSES. DOCUMENT CONTAINS ANNEXES
WHICH LIST ACTIONS BY INDIVIDUAL ANDEAN GROUP COUNTRIES
CITING SPECIFIC NTM'S ELIMINATED OR MODIFIED. CONCERNING
OTHER INTERNAL POLICIES AFFECTING FOREIGN TRADE, ANDEAN
GROUP SECRETARIAT HAS PREPARED A PROPOSAL TO HARMONIZE SUCH
POLICIES INCLUDING SYSTEMS TO WAIVE IMPORT DUTIES FOR DEVEL-
OPMENT RELATED PROJECTS, GOVERNMENT PURCHASES, EXPORT
INCENTIVES, TARIFF NOMENCLATURE, AND VALUATION. THIS
PROGRAM WILL CONSTITUTE A SIGNIFICANT RATIONALIZATION IN
PRESENT NATIONAL LEGISLATION ON THIS SUBJECT AND WILL
REPRESENT AN ADDITIONAL CONTRIBUTION TO THE NEGOTIATIONS.
THE RATIONALIZATION OF THESE POLICIES COULD EVENTUALLY
PERMIT PARTICIPATION IN VARIOUS CODES THAT ARE BEING DEVEL-
OPED. AS EVIDENCE OF THIS LIBERALIZATION, DOCUMENT NOTES
THAT ANDEAN GROUP'S IMPORTS HAVE RISEN BY 152 PERCENT IN
THE 1973-77 PERIOD, WHILE EXPORTS HAVE INCREASED ONLY BY
85 PERCENT.

4. PERU IS ONLY FULL MEMBER OF GATT, WHILE COLOMBIA HAS
PROVISIONAL MEMBERSHIP. OFFER DOES NOT MENTION POSSIBILITY
OF FULL GATT ACCESSION BY COLOMBIA, OR OF VENEZUELA,
ECUADOR, AND BOLIVIA. ANDEAN MTN DELS STATE THAT DECISION

ON GATT MEMBERSHIP WILL BE TAKEN IN LIGHT OF NEGOTIATIONS
OF CODES AND CHANGES IN GATT TO MEET LDC INTERESTS.

5. COMMENT: US MTN DEL WOULD APPRECIATE EVALUATION OF
ANDEAN OFFER BY WASHINGTON AGENCIES. WE NOTE THAT ANDEANS
COUNTINUE TO OPPOSE BINDING OF ANY OF THE MEASURES TAKEN,
OR TO ENGAGE IN NEGOTIATIONS ON INDIVIDUAL PRODUCTS. WE
PLAN TO CONTINUE TO PURSUE U.S. INDICATIONS OF EXPORT
INTEREST ON BOTH TARIFF AND NON-TARIFF MEASURES WITH
INDIVIDUAL ANDEAN COUNTRIES, POINTING OUT THAT EVENTUAL
IMPLEMENTATION OF US TARIFF OFFERS IN WHICH ANDEANS ARE
LEADING SUPPLIERS, WILL DEPEND UPON SOME AGREEMENT ON
SPECIFIC PRDDUCTS OR MEASURES OF INTEREST TO US EXPORTERS.

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USMTN

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6. DRAFTED BY KNEPPER. MCDONALD

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